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SUBJECT: ANBAR PRT: ANBAR PROVINCE PUBLIC EXPENDITURES AND
THE PRT TRANSPARENCY TOOL BOX

REF: CLASSIFIED BY: AMBASSADOR RYAN C. CROCKER FOR
REASONS 1.4 (B) AND (D).

[1](#)1. (U) This is a PRT Anbar reporting cable.

[1](#)2. (U) Summary. The transition between the FY 2007 and FY 2008 capital expenditure budgets presents the occasion to take stock on where Anbar Province stands on public expenditure issues, and on those areas where the PRT is engaged. The province is admittedly behind the curve on developing a transparent budget allocation and monitoring process, but considering that it is emerging from years of a violent insurgency, the budget process is remarkably serviceable. The PRT's transparency tool box has initiatives in train with regard to project management, resource allocation, and public outreach (para. 14 below). End Summary.

Recent Developments

[1](#)3. (U) Anbar Province is in the final stage of spending its FY 2007 capital expenditure budget and plans are moving forward on preparing next year's capital expenditure (capex) budget, the first in which the province will make a spending request of the central government, rather than passively receive a GOI allowance as it had in 2006 and 2007.

[1](#)4. (U) Anbar Governor Ma'amoun Sami Rasheed signed 28 construction contracts valued at \$9 million at a ceremony at his Ramadi office on October 2, and expects to sign 89 additional contracts in the next few weeks, which would effectively obligate all of Anbar's \$107 million FY 2007 budgetary allotment.

[1](#)5. (U) Meanwhile, provincial officials are moving ahead on two other fronts: spending the \$80 million FY 2007 supplemental promised by the GOI on September 6 at the Anbar Forum in Ramadi, and planning for next year's capital budget. On the latter score, Ma'amoun has written to Finance Minister Jabr, alerting him to expect a request for 225 billion ID (\$182 million) for next year's capital expenditure budget. If funded, that would be a 70 percent increase over the 2007 budget.

[1](#)6. (U) Emerging from years of a violent insurgency, Anbar is in some respects playing catch up with other provinces in developing a budget process. However, in other aspects, the province has a serviceable system, hobbled by flaws, to be sure, but overall it has a solid foundation for future reform. The transition between the FY 2007 and FY 2008 budgets presents an opportune occasion to take stock on where the province stands on fiscal issues and where the PRT can help.

The Pluses

¶7. (U) On the plus side, the Directors General returned to their jobs last spring as security improved. They had previously been absent for more than a year due to al-Qaeda violence. Back on the job, they now play a role in de-conflicting projects proposed by the municipalities with central government spending plans. That is particularly important because central government ministries control operations and maintenance budgets, whereas provincial spending is earmarked for capital expenditures only. Recently, the governor's office issues a circular to the municipal-level DGs on the process for submitting project proposals for the FY 2008 capex budget. The PRT provided advice.

¶8. (U) On project management, the Provincial Council has established a four-committee system of directors general, with the first committee charged with advertising the requests for proposals, and the second with reviewing the bids for compliance with the terms of reference. The technical committee analyzes the offers and recommends the winner, with preference given to qualified bidders located in the locale of the project. The fourth committee, perhaps the weakest link, is charged with ensuring compliance. The Governor plays no role until the third committee recommends the winning bidder. The Governor is also the signatory for all contracts.

¶9. (U) Virtually all accounting is done in long hand, but appears good enough.

The Down Side

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¶10. (U) The municipalities are not empowered to spend. The GOI has not designated cities as "spending units," and consequently they do not have contracting authority. Municipalities may recommend project proposals to the provincial government, but project lists as such are not budgets. The trouble is that while most sources of project financing come from the federal government, nearly all uses are at district and sub-district levels. Obviously, the solution to this problem must be addressed at the national level among factions seeking greater or lesser degrees of decentralization.

¶11. (U) Anbar lacks a long-term vision to guide capital expenditures. The provincial government has had experience with capital expenditure budgets for only three annual budgets (2006-08). This has put the emphasis on short-term, year-to-year decision making. A longer term view on public investment, which would engage the municipalities, needs to be developed.

¶12. (U) There is a lack of transparency. Anbar lacks reliable telephone and internet service, and has practically no media outlets. Thus, information about spending plans and priorities is passed up and down the Euphrates by word of mouth.

¶13. (U) The provincial government has limited ability to hire and fire civil servants. Funds to hire are controlled by the various central government ministries, and strictly speaking the provincial Directors General are central government employees. They may coordinate their activities with the provincial government, but they are not directly accountable to the governor.

The PRT's Transparency Tool Box

¶14. (U) The following are several PRT initiatives aimed at addressing public expenditure issues.

-- We are developing a computerized project tracking data base, which would organize capital projects by locale, infrastructure sector, and other key characteristics. Such a technique may not be new to other provinces, and Anbar is admittedly behind the curve.

-- In November, some 100 Anbari notables are expected to attend a four-day Provincial Development Strategy training module facilitated by USAID contractor RTI. This exercise will produce a long-term economic vision statement, and accordingly would address the capital investment needs of the cities and towns.

-- We have a public relations initiative aimed at improving the provincial government's communication with local residents. Branding projects that are under construction would be one way of informing the public of the use of provincial funds.

-- We are moving forward on an e-government initiative, and expect to have a prototype web page ready for review by provincial officials soon.

-- With PRT urging, Gov. Ma'amoun has agreed to convoke a meeting of the province's mayors later in October to discuss procedures for allocating and monitoring the execution of the FY 2008 capex budget.

-- Finally, the PRT and MNF-West will continue our nine-month long helicopter engagement initiative, in which provincial government officials are flown to Anbar's far-flung cities and towns to re-connect with local officials. Because of Anbar's large geographic expanse, such trips will promote communication between key provincial directors general and their municipal counterparts.

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